NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (01/27):
BUTTER: Grade AA closed at $1.2650. The weekly average for Grade AA is $1.3115 (-.0235).
CHEESE: Barrels closed at $1.2100 and blocks at $1.2375. The weekly average for barrels is $1.2515 (-.0716) and blocks, $1.2865 (-.0766).

BUTTER: The market tone remains weak. Many butter producers and handlers across the country feel that the cash price at the CME will continue to fluctuate within a narrow range near current levels. Cream supplies are reported to be heavier than anticipated for this time of the year. Often, cream is moving into the Central part of the country from Eastern and Western sources for processing. Delivered pricing multiples of 108 – 120 were common. Stocks of butter continue to increase as production often outpaces demand. Quota imports of butter for calendar 2005 total 15.2 million pounds, 98.8% of the annual quota and a little over 1% of total estimated U.S. butter production for the year. Imports of High-Tier butter (above the quota and with a penalty) total 1.3 million pounds, down substantially from last year when 18.4 million pounds were imported under this program. Butter demand is fair at best. Retail sales are slow to recover from the pre-holiday sales, with few new features being reported. Food service orders are mostly steady.

CHEESE: The cheese market is weak. The daily block price is down more than 10 cents at the Chicago Mercantile Exchange in just over one week to levels that last occurred in June 2003. Current demand is slow. Between waiting for sales results from the Super Bowl and declining prices, buyers are holding back on fresh orders. Buyers also feel comfortable with lower working inventories under the expectation that cheese supplies and production will remain well above year ago levels, at least through the spring flush. Inventory levels are building at most plants. Cheese production remains seasonally heavy and above year ago levels.

FLUID MILK: Milk production continues to increase seasonally throughout the Southern tier of states from coast to coast, while steady to slightly higher elsewhere. In Florida and other Southeastern states, milk volumes are increasing gradually. Milk output in the Middle Atlantic and Northeastern areas is mostly steady. In the Central part of the country milk volumes are steady. Producers and handlers are quite surprised at the volume of milk that is arriving at plants for this time of the season. Weather conditions have been quite mild for late January, thus not detrimental to the milking herd. In New Mexico, increasing cow numbers and production per cow have allowed milk to grow at a brisk pace. Arizona's milk output is up slightly and able to be processed within the state. In California, milk production is trending higher throughout the state, although Northern areas are being impacted by wet and rainy conditions. In the Pacific Northwest, production is building slowly, but wet conditions continue. Lots are wet and bedding in free stall barns is not drying out, thus herd health is taking up much more management time. Milk output in Utah and Idaho is holding seasonally steady with milking conditions good and herd health not much of a problem. Cream markets are weak and volumes are plentiful from coast to coast. Surplus offerings continue to clear within production areas, but also are clearing to other markets. Cream pricing multiples are lower and vary depending on class usage, basing point, and final destination.

DRY PRODUCTS: Nonfat dry milk markets are weak with prices generally lower from coast to coast. Production of powder continues to increase and stocks are building as a result of increased milk movement into butter/powder plants for processing. Due to significant price decreases in recent weeks, some buyers are taking a wait and see approach to spot purchases. Export markets have not returned with the vigor expected for January. Sales into Mexico have been hurt by tariff issues and several buyers there have current needs filled. Buttermilk powder markets are weak and characterized by additional offerings and light demand. Production of dry buttermilk remains heavy in response to steady intakes of cream at most churns. Some sales of liquid buttermilk continue to be made, which does ease the need for dryer time. Whey powder markets are mixed as prices are slightly lower in the West to generally higher elsewhere in the country. However, there is an underlying tone of weakness developing as prices get high enough to deter some interest. Western range prices fell this week as some export sales occurred at lower prices, although other export sales were at steady to higher prices. Domestic sales were continuing at good levels.

CCC: During the week of January 23 - 27, there was no dairy price support activity.

COLD STORAGE (NASS): On December 31, U.S. cold storage holdings of butter totaled 57.1 million pounds, 5.6% less than a month ago, but 26.8% more than last year. Natural American cheese holdings total 517.5 million pounds, 0.3% more than a month ago and 7.0% higher than a year ago. Total cheese stocks were 731.0 million pounds, 2.0% higher than November and 3.6% higher than December 2004.

FEBRUARY ANNOUNCED COOPERATIVE CLASS I PRICES (DAIRY PROGRAMS): For February 2006, the all-city average announced cooperative Class I price was $17.60 per cwt., $1.69 higher than the Federal milk order Class I price average for these cities. The February cooperative Class I price was unchanged from the January price, while the December Federal order Class I price was also unchanged. On an individual city basis, the difference between the Federal order and announced cooperative Class I price ranged from $.15 in Phoenix, AZ, to $2.98 in Miami, FL. For February 2005, the all-city average announced cooperative Class I price was $17.94, $1.62 higher than the Federal order Class I price average for these cities.

COMMERCIAL DISAPPEARANCE (ERS, AMS): Commercial disappearance of dairy products during the first eleven months of 2005 totals 164.4 billion pounds, 2.2% above the same period in 2004. Comparing disappearance levels with year earlier levels: butter is +0.6%; American cheese, +0.5%; other cheese, +3.5%; NDM, -2.2%; and fluid milk products, +0.3%.

CONSUMER PRICE INDEX (BLS): The December CPI for all food is 192.9, up 2.3% from December 2004. The dairy products index is 183.2, up 1.7% from a year ago. The following are the December to December changes for selected products: fresh whole milk is +4.3%; cheese, +0.5%; and butter, -6.2%.

****SPECIALS THIS ISSUE****

CHICAGO MERCANTILE EXCHANGE
CASH TRADING

PRODUCT	MONDAY JANUARY 23	TUESDAY JANUARY 24	WEDNESDAY JANUARY 25	THURSDAY JANUARY 26	FRIDAY JANUARY 27	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	$1.2975	$1.2600	$1.2600	$1.2300	$1.2100		$1.2515
	(-.0125)	(-.0375)	(N.C.)	(-.0300)	(-.0200)	(-.1000)	(-.0716)
40# BLOCKS	$1.3375	$1.2975	$1.2950	$1.2650	$1.2375		$1.2865
	(-.0125)	(-.0400)	(-.0025)	(-.0300)	(-.0275)	(-.1125)	(-.0766)
BUTTER							
GRADE AA	$1.3400	$1.3375	$1.3300	$1.2850	$1.2650		$1.3115
	(N.C.)	(-.0025)	(-.0075)	(-.0450)	(-.0200)	(-.0750)	(-.0235)

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. *Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM **NOTE: CME NDM on Page 2.**

CHICAGO MERCANTILE EXCHANGE

FRIDAY, JANUARY 20, 2006

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ $1.3100; 3 CARS 40# BLOCKS: 2 @ $1.3500, 1 @ $1.3675

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS GRADE A @ $0.9300

BUTTER -- SALES: 4 CARS GRADE AA: 1 @ $1.3300, 1 @ $1.3350, 1 @ $1.3375, 1 @ $1.3400; BIDS UNFILLED: 2 CARS GRADE AA: 1 @ $1.3325, 1 @ $1.3300; OFFERS UNCOVERED: NONE

MONDAY, JANUARY 23, 2006

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ $1.2975; 3 CARS 40# BLOCKS: 2 @ $1.3375, 1 @ $1.3500

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1CAR EXTRA GRADE @ $0.9100; 2 CARS GRADE A @ $0.9000

BUTTER -- SALES: 2 CARS GRADE AA: 1 @ $1.3375, 1 @ $1.3400; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 5 CARS GRADE AA: 1 @ $1.3400, 3 @ $1.3650, 1 @ $1.3700

TUESDAY, JANUARY 24, 2006

CHEESE -- SALES: 1 CAR 40# BLOCKS @ $1.2975; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ $1.2600; 2 CARS 40# BLOCKS: 1 @ $1.3100, 1 @ $1.3375

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR EXTRA GRADE @ $0.8900; 2 CARS GRADE A @ $0.8800

BUTTER -- SALES: 1 CAR GRADE AA @ $1.3375; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 4 CARS GRADE AA: 1 @ $1.3400, 3 @ $1.3600

WEDNESDAY, JANUARY 25, 2006

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ $1.2950

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: 3 CARS GRADE A: 1 @ $0.8700, 2 @ $0.8600; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 6 CARS GRADE AA @ $1.3300; BIDS UNFILLED: 1 CAR GRADE AA @ $1.3250; OFFERS UNCOVERED: 3 CARS GRADE AA: 1 @ $1.3300, 2 @ $1.3375

THURSDAY, JANUARY 26, 2006

CHEESE -- SALES: 1 CAR 40# BLOCKS @ $1.2650; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ $1.2300; 1 CAR 40# BLOCKS @ $1.2925

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 7 CARS GRADE AA: 2 @ $1.3225, 1 @ $1.3150, 2 @ $1.3100, 2 @ $1.3000; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 21 CARS GRADE AA: 2 @ $1.2850, 1 @ $1.2925, 2 @ $1.3000, 1 @ $1.3050, 2 @ $1.3100, 2 @ $1.3125, 3 @ $1.3200, 2 @ $1.3225, 6 @ $1.3300

FRIDAY, JANUARY 27, 2006

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ $1.2100 1 CAR 40# BLOCKS @ $1.2375

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 1 CAR GRADE AA @ $1.2650; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 12 CARS GRADE AA: 1 @ $1.2650, 1 @ $1.2675, 10 @ $1.2850

CME CASH NONFAT DRY MILK: Extra Grade closed the week at $0.8900 and Grade A at $0.8800. (The last price change for both Extra Grade and Grade A occurred January 24.) The weekly average for Extra Grade is $0.8940 (-.0635) and Grade A is $0.8840 (-.0610).

BUTTER MARKETS

DECEMBER COLD STORAGE

According to NASS, December month-ending cold storage figures for butter total 57.1 million pounds, 26.8% more than last December but 5.6% less than November 2005.

NORTHEAST

The butter market remains weak. Last week's trading at the CME, saw the butter price rebound slightly. However, the weekly average (the basis for most butter and cream sales) declined 3.45 cents. This decline has done little to stimulate butter sales. For the most part, buyers' interest in bulk is lackluster. Retail sales are slow to recover from the pre-holiday sales, but a few new features are reportedly in the offing. Churning activity is still heavy in the Northeast and cream offerings are heavier than expected. Food service orders are mostly steady. Sales of bulk butter f.o.b. East, are reported in a range from flat market to 3.0 cents over the CME price/average.

CENTRAL

Most butter producers in the Central part of the country feel that the cash price at the CME will continue to fluctuate within a narrow range near current levels. Cream supplies continue to be reported as readily available. Central butter producers state that they are getting offerings from Eastern and Western cream sources at pricing multiples ranging 108 – 120 delivered. Heavy cream offerings are causing most butter churns to run at or very near capacity levels. In many instances, production is surpassing demand, thus surplus is clearing to inventory. Butter sales are fair at best. A few producers state that buyers are absorbing a significant portion of their current production, thus their inventories are not increasing as rapidly as others. Calendar year 2005 butter import figures were recently released. Quota butter imports for the period January – December 2005 total 15,195,771 pounds compared to 15,202,059 pounds for the comparable period in 2004. The annual quota volume for both years was 15,377,308 pounds (6,977,000 KG). High tier or non quota imports for 2005 totaled 1,255,570 pounds compared to 18,393,718 pounds for 2004. Bulk butter for spot sale is being reported in the flat – 2 cents per pound over various pricing basis.

WEST

The cash butter price at the CME has been moving fractionally higher and lower for the last few trading sessions. At mid-week, the price stands at $1.3300. Sales activity is being called fair at best with very few features noted. Cream offerings remain heavier than anticipated and multiples have not moved much off the seasonal low point. Cold Storage holdings of butter at the end of the year total 57.1 million pounds, up 27% (12.1 million pounds) from last year. Stocks do remain sharply lower than at the end of both 2002 and 2003. CME weekly butter stocks increased 7.41 million pounds last week to stand at 49.3 million pounds. Last year, stocks were at 32.6 million pounds for the same week. Quota imports of butter for calendar 2005 total 15.2 million pounds, 98.8% of the annual quota and a little over 1% of total estimated U.S. butter production for the year. Imports of High-Tier butter (above the quota and with a penalty) total 1.3 million pounds, down substantially from last year when 18.4 million pounds were imported under this program. Prices for bulk butter range from 2 cents under to 4 1/2 cents under based on the CME with various time frames and averages.

NASS DAIRY PRODUCT PRICES

U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	NDM	BUTTER	DRY WHEY
JANUARY 21	1.3654	1.3530	0.9750	1.3531	0.3479
	8,284,391	8,923,207	18,796,566	4,320,921	10,794,395

Further data and revisions may be found on the internet at: http://jan.mannlib.cornell.edu/reports/nassr/price/dairy

CHEESE MARKETS

NORTHEAST

Prices are mostly lower as the cheese prices at the CME, after a period (three weeks) of relative stability, have declined the past couple sessions. The market tone is weak. Cheese output in the Northeast is mostly steady and cheese offerings are heavier than current demand is clearing. Retail sales are steady to lighter as demand holds up rather well and is expected to remain fair to good through Super Bowl Weekend, the number one weekend for snack-food consumption. Food service orders are mostly unchanged.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.4450-1.9650
Cheddar Single Daisies	:	1.4025-1.8775
Cheddar 40# Block	:	1.5025-1.7750
Process 5# Loaf	:	1.5325-1.7750
Process 5# Sliced	:	1.5525-1.7825
Muenster	:	1.5175-1.7175
Grade A Swiss Cuts 10 - 14#	:	2.4500-2.6500

MIDWEST

The cheese market is weak. The daily block price on the Chicago Mercantile Exchange has declined 7 cents on blocks in the last 3 trading session since January 19 and has reached the lowest point in about 2 years. Barrels have declined 6.75 cents during the same period and are comparable to January 2004, just weeks before the record high prices in 2004. Current spot interest is slow as buyers wait for prices to settle at lower levels. Others are waiting for the results of sales over the next 2 weeks (for Super Bowl events) before making fill-in orders. Best interest remains on natural varieties rather than process. Buyers are comfortable with making purchases on an as needed basis, with the expectation that supplies will be adequate in the short run. Some customers are also looking at setting up promotions out toward summer if similar prices can be locked in. Offerings are more than adequate on most varieties as demand has slowed and cheese production remains steady to higher.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.5725-1.8400
Brick And/Or Muenster 5#	:	1.8400-1.9100
Cheddar 40# Block	:	1.7125-2.2650
Monterey Jack 10#	:	1.8800-2.2650
Blue 5#	:	2.2125-2.5300
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.5400-2.3650
Grade A Swiss Cuts 6 - 9#	:	2.4300-2.8900

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	:	CHEESE
01/23/06	21,377	:	128,482
01/01/06	11,601	:	125,224
CHANGE	9,776	:	3,258
% CHANGE	84	:	3

WEST

Cash block cheese prices at the CME had held steady at $1.3675 for 15 trading sessions before starting to decline late last week. Prices have fallen 7 1/4 cents to stand at $1.2950 at mid-week. Prices have not been this low since June of 2003. Some buyers are waiting for an obvious bottom to be put in the market before returning to make regular purchases. Others are making normal purchases because they feel that historically, these price levels are a good buy. Heavy offerings of under grade cheese continue to clear reasonably well. Most of the offers are for December cheese and not much January cheese has been offered. Production of cheese is heavier than anticipated for the end of January. Little skim solids fortification is taking place at this time, but that may change if NDM prices continue to falter. *Cold Storage* holdings of American cheese at the end of the year total 517.5 million pounds, up 8% (36.4 million pounds) from the end of last year. This is the second highest end of the year total ever recorded. Swiss stocks at the end of December total 26.6 million pounds, up 2% from last year. Total quota imports of cheese for calendar 2005 have reached 266.4 million pounds, 3.6% below last year and 89.2% of the annual quota. This volume is about 3% of total estimated U.S. cheese production for the year. High-Tier imports of cheese for the calendar year (above quota and with a penalty) are 26.9 million pounds, down 47% from 2004.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.4750-1.7325
Cheddar 40# Block	:	1.4825-1.8350
Cheddar 10# Cuts	:	1.6625-1.8825
Monterey Jack 10#	:	1.6725-1.8325
Grade A Swiss Cuts 6 - 9#	:	2.2500-2.7000

FOREIGN

Prices are unchanged on imported styles; fractionally lower on domestic types. The market tone is little changed from past weeks. Demand is slowly easing from the peak demand period around the holidays. Stocks are adequate to meet the generally fair demand.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

	NEW YORK	
VARIETY	IMPORTED	DOMESTIC
Roquefort	TFEWR	-0-
Blue	2.6400-4.6300	1.7575-3.2475*
Gorgonzola	3.6900-5.9400	2.2675-2.4900*
Parmesan (Italy)	TFEWR	3.1725-3.2775*
Romano (Italy)	2.1000-3.1900	-0-
Provolone (Italy)	3.4400-6.0900	1.7575-1.9950*
Romano (Cows Milk)	-0-	2.9550-5.0975*
Sardo Romano (Argentine)	2.8500-3.2900	-0-
Reggianito (Argentine)	2.6900-3.2900	-0-
Jarlsberg-(Brand)	3.1200-4.1500	-0-
Swiss Cuts Switzerland	-0-	2.4500-2.6500
Swiss Cuts Finnish	2.5900-2.8500	-0-
Swiss Cuts Austrian	TFEWR	-0-
Edam		
2 Pound	TFEWR	-0-
4 Pound	2.1900-3.5600	-0-
Gouda, Large	TFEWR	-0-
Gouda, Baby ($/Dozen)		
10 Ounce	27.8000-31.7000	-0-

* = Price change.

FLUID MILK AND CREAM

EAST

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	61	0	55	0	0	130
SOUTHEAST STATES	0	0	0	0	0	0

December milk production in the 23 major states totaled 13.6 billion pounds, up 4.3% from December 2004. The following are the December-to-December changes for selected states: Pennsylvania +4.5%, New York +3.9%, Virginia +2.7%, Vermont +1.4%, Kentucky -3.4%, and Florida -4.5%. Milk production is increasing slowly in Florida and other Southeastern states. Milk output in the Middle Atlantic and Northeastern areas is mostly steady. However, some scattered increases have been noted. An early-week rain and snow storm all long the East Coast did disrupt milk transportation/delivery schedules. Some schools in New England were closed due to the heavy snowfall. This did push more milk back into manufacturing plants. Class I sales elsewhere range from surprisingly good in Florida to lackluster in other Southeastern states to steady in the Northeast. Florida handlers continue to import milk to supplement their local supply. The slower than expected Class I sales in the Southeast is adding to the surplus milk volumes clearing to manufacturing plants. Some of the balancing plants that had been idled early in the month have been reopened to help handle the milk. The condensed skim market is little changed. Few spot sales are reported and contract sales are about steady. With NDM prices declining in recent weeks, the spot call for wet solids is slowing. The fluid cream market remains weak. Supplies are more than ample to cover the steady to slowly increasing demand. Spot prices are lower as the average CME butter price moved 3.45 cents lower last week. Spot demand is occasionally improved from cream cheese and ice cream makers, but heavy volumes of excess cream are still clearing to butter producers. Local and Midwestern butter makers are at or near capacity levels. Most contacts see little easing in the cream supply during the coming weeks, maybe months, and expect butter/cream prices to move lower during the first quarter of the year. Some ice cream makers are stepping up output along seasonal patterns and most are taking advantage of the low butterfat costs and building some inventories. Some improved Class III demand has also been reported.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, $ PER LB BUTTERFAT

F.O.B. Producing Plants: Northeast	-	1.5353-1.7088
Delivered Equivalent Atlanta	-	1.5753-1.7489 M 1.6287-1.7088
F.O.B. Producing Plants: Upper Midwest	-	1.4418-1.6421

PRICES OF CONDENSED SKIM, $ PER LB SOLIDS
F.O.B. PRODUCING PLANTS:

Northeast- Class II - includes monthly formula prices	-	1.0200-1.0900
Northeast- Class III - spot prices	-	1.0500-1.1200

MIDWEST

Class I interest is uneven, generally lighter, though occasionally heavier where retail promotional activities are underway. Production of dips and sour cream seems sluggish according to reports, somewhat a surprise this close to the Super Bowl. Manufacturing milk interest is slow as more plant operators try ways to reduce current production. Finished product inventories are growing at most plants, especially as declining prices have caused buyers to delay purchases. Many plant operators are trying to balance finished product inventories by selling milk, even at a loss. Reported spot milk prices, on a limited test, range from around -$0.75 to 1.50 over class, net seller. A few plant operators are saying current milk receipts have put their operating schedules near spring peak capacity levels already, causing concern with what might happen with peak intakes. Current milk volumes are increasing with most plant receipts in the region well above year ago levels. Cream supplies remain heavy and churning remains surprisingly active. Cream offerings are still coming from across the country though volumes seem a bit lighter this week. Ice cream production remains sluggish despite current (low) cream prices. Temperatures remain well above normal for January and the frost depth minimal. Snow cover is minimal in many areas of the upper tier of states. Some early/late field work continues to occur. Dry/drought conditions with wild fire concerns remain in Texas and Oklahoma. Prices paid at a Wisconsin dairy cattle auction compared to a month ago are mixed. Supreme quality fresh milking cows sold for $2200 – $2650 per head and approved quality $1850 – $2200. Approved quality springing heifers sold for $1700 – $2125 and medium quality $1450 – $1750.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JAN 18 - 25	PREVIOUS YEAR
SLAUGHTER COWS	$ 46.50- 52.50	$ 50.00- 55.50
REPLACEMENT HEIFER CALVES	$500.00-780.00	$300.00-600.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	JAN 18 - 25	PREVIOUS YEAR
SLAUGHTER COWS	$ 42.00- 55.50	$ 46.00- 60.00

WEST

Initial estimates for 2005 annual milk production compared to 2004 for selected Western states are as follows: Arizona +2.5%, California +3.0%, Colorado +7.5%, Idaho +11.8%, New Mexico +3.6%, Oregon +0.6%, Utah +3.2%, and Washington +3.5%. The total output for the U.S. is 176.5 billion pounds, up 3.3% from 2004. Production per cow for the month of December for selected Western states is as follows: Arizona +1.8%, California +1.1%, Colorado +2.4%, Idaho +2.2%, New Mexico +7.9%, Oregon -1.3%, and Washington -0.8%. CALIFORNIA milk production is trending higher across the state. Fluid milk needs from bottlers are holding mostly steady with few retail features noted. School needs have steadied and are more predictable as the pipeline is full. The impact of weather is greater in the northern milk producing areas with rain and wet conditions common. The weather is limiting production growth but levels are generally a few percentage points above last year. Fog has been common in the Central Valley. Temperatures are seasonally moderate and not impacting the milk cows. Plants are running as expected. The southern milk producing areas are seeing milk steady to slightly higher and with load weights of incoming milk increasing. Milk output is strong and at levels above last year in NEW MEXICO. Increases in both cow numbers and production per cow have allowed milk to grow at a brisk pace. Milk is moving to other regions under contract and additional milk is moving to nearby states for processing. Plants are running as expected in the state with no problems noted. Bottled milk needs are steady with recent weeks. ARIZONA milk is moving slightly higher seasonally. Milk is able to be processed in the state and plants are handling surplus milk from nearby states. Weather conditions have been warm and extremely dry in the state and are neutral to milk cows at the present time. CREAM prices and the market tone remain weak. Surplus offering continue to clear within the region and to outside buyers at depressed multiples and prices. Buyers are not willing to pay higher prices with weak butter and cheese prices. The CME butter price stood at $1.3300 at midweek, down 1/4 cent from last week. Demand from class products using cream is light and this is surprising to many in the trade. Cream multiples range from 98 to 119, FOB, and vary depending on class usage and basing point. Rainy conditions are continuing in the PACIFIC NORTHWEST. Temperatures are warm so that the snow line, at times, is very high. Some coastal areas in Oregon set high temperature records earlier this week. Fog has been a problem in the western parts of the region. Little drying is taking place between storms because of the fog. Lots are wet and bedding in free stall barns is not drying out. Mastitis and herd health are taking up much more management time. Culling rates are increasing in some herds to try and get a handle on the health problem. The eastern part of the region has not had as much fog, but still remains muddy. Little hay is available for sale and not much is moving in the region. Some snow is on the ground in the dairy areas of UTAH and IDAHO. Conditions are cooler and lots are generally frozen. Milking conditions are good and herd health is not much of a problem. Comments are noted that there is not much hay left for sale in the two states. Most of the existing stocks are committed and they are shipping out at a faster pace. Heifer prices in the region have moved lower since mid-December. The top of the market at two sales in the region ranges from $2100-2470. Average sale prices are $1800-1950. The average and the top are both $2-300 lower than about a month ago.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices are lower on a weak market. Production of low heat NDM continues to increase as a result of increased fluid milk movement into Class IV markets. In light of significant price decreases, most buyers are taking a wait and see approach to spot purchases. Export interest is reduced, encouraging stocks to build at some locations. As a result, some producers are reducing prices and trading near the lower end of the range. Others are not listing prices to prospective buyers but are instead asking for bids. Offerings from Western producers are competitive with the Central region for the light interest.

EAST: Prices are steady to lower as the NASS average (the basis for most NDM sales), decreased about 1 cent from the previous week. The market tone is weaker as offerings are outpacing current demand. Although not usually used as a benchmark for the NDM market, the CME cash NDM market decreased steadily for the past two weeks. This indicates that the market tone is weak enough to impact an otherwise inactive CME market. Production levels are heavy as most Eastern producers have ample milk to process. Producer stocks are heavier than expected and some multi-load sales at discounted prices have been noted. Users appear to be waiting for lower prices and are buying only for immediate needs. Some traders comment that they have lost sales to significantly lower prices. The increasing output, the reportedly slower export interest, and slower domestic demand are a few reasons why we continue to hear that NDM will soon be offered to CCC. Some producers deny this will happen, but others fully expect it to happen in the near future.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT:	.9200 - 1.0450	MOSTLY:	.9300 - 1.0000
HIGH HEAT:	1.0350 - 1.0675		

NONFAT DRY MILK - WEST

The market tone for the Western nonfat dry milk complex is weaker and highly unsettled. Milk production in the region remains heavy and more milk is moving into butter/powder plants for processing. Lower cheese prices and a weak outlook have cheese producers using minimal amounts of NDM in fortifying cheese vats. Export markets have not returned with the vigor expected for January. Sales into Mexico have been hurt by tariff issues and several buyers there have current needs filled. Sales to other countries have slowed. World prices have eased into the mid-90's. Energy surcharges have been under pressure with buyers looking for relief. Natural gas prices have moved into the $8 range, down from recent highs over $15. The trade talks about the possibility of NDM moving to the support program in the very near future to help producers move building inventories, garner money for the powder, and avoid carrying charges. This speculation and weaker spot prices have buyers pulling contract minimums and others not looking to secure blocks of NDM. High heat prices are slightly lower and the market tone is cautious as buyers see the low heat prices move lower and they await price reductions for high heat. Demand is slow to develop. High heat stocks are light but available for current contract needs.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT:	.8600 - .9975	MOSTLY:	.9000 - .9675
HIGH HEAT:	1.0000 - 1.0300		

DRY BUTTERMILK - CENTRAL

Prices are unchanged to lower and nominal on a weak market. Production of dry buttermilk remains heavy in response to steady intakes of cream at most churns. Stocks are building at some producer plants. Offerings of Western dry buttermilk are noted into the Central region at competitive prices. Central producers are not aggressively offering stocks out as buyers are not expressing much interest in buttermilk, especially in light of reduced NDM prices recently reported. Some off grade trade is noted nearly a dime below the current price range for the light interest.

F.O.B. CENTRAL:	.8500 - .9075

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are steady to lower and the market tone remains weak. There was limited spot market activity reported and the Northeast prices remain nominal. Production levels, like churning activity, are moderate to heavy. Some sales of liquid buttermilk continue to be made, which does ease the need for dryer time. Producer stocks are growing at most plants. Demand is mostly contractual.

F.O.B. NORTHEAST:	.9300 - .9500
DELVD SOUTHEAST:	.9000 - .9600

DRY BUTTERMILK - WEST

Prices continue to trend lower for dry buttermilk in the West. The market tone is weak and is characterized by additional offerings and light demand. Lower prices have stimulated interest for a few smaller blocks of powder. Butter production remains active in the region and subsequent drying of buttermilk powder is above expectations. Inventories are above desired levels and at moderate to heavy levels.

F.O.B. WEST:	.7800 - .9200	MOSTLY:	.8000 - .8500

DRY WHOLE MILK - NATIONAL

Prices are unchanged and nominal. Last week's increase in the CME's cash butter price has some Western producers adjusting prices higher within the range. Production levels are steady at light to moderate levels. Demand is steady and mostly contractual. Plant inventories are balanced.

F.O.B. PRODUCING PLANT:	1.3200 - 1.3575

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
January 20	$.9570	11,150,273	0
January 13	$.9427	11,299,665	0

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

WHEY, CASEIN & EVAPORATED MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Prices are unchanged to higher on a steady to firm market. Increased offerings of Extra Grade whey are reported for the current week. Although offering prices are noted at the average to higher, the amount of premiums and energy surcharges on the spot trade is reduced. Traders expect lower energy costs in February which may affect trends in the whey market. Increased offerings of dry whey permeate are being offered as a substitute to whey into operations that can re-formulate. Without recourse, buyers that need whey in their formulations are paying higher prices. Feed grade supplies are available at some locations for the good demand. In general, the undertone, by sellers, buyers and traders alike, is that the market is very close to a peak.

F.O.B. CENTRAL: .3425 - .3700 MOSTLY: .3425 - .3550
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .3150 - .3375

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are fractionally higher again this week. However, there is an underlying tone of weakness developing as prices get high enough to deter some interest. The Northeastern prices remain nominal. Demand is just fair and buyers seem to be resisting higher prices. Market activity is being reported as quiet this week. Production levels are increasing at most operations and offerings are growing. Due to contracts, most Eastern producers have few, if any, extra loads to offer on the spot market. Those that do have extra or spot loads report that those loads do clear easily. Traders, however, do have additional product to offer and some prices are being discounted slightly. Energy surcharges continue to be a contentious topic.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .3550 - .3625
DELVD SOUTHEAST: .3675 - .4000

DRY WHEY – WEST

Western range whey prices fell this week as some export sales occurred at lower prices. The mostly series continued to increase slowly as other export sales were at steady to higher prices and domestic sales were continuing at good levels. Whey production is seasonally heavy. No inventories are noted at the producer level. Offerings are clearing easily as soon as they are available. Some producers are sold out ahead and will not be able to catch up on sales for another month. Contacts are unsure about the near term outlook for the market, but are noting some additional price resistance. The U.S. remains the major supplier of whey powder for the international export market.

NONHYGROSCOPIC: .3250 - .3675 MOSTLY: .3475 - .3575

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are lower on a weak market. Increased offerings of WPC 34% are noted for the current week, especially from the Central US. WPC 80% is a competitively priced substitute to WPC 34% for end-users able to re-formulate. However, with the increasing cost of whey, some buyers cannot afford the purchase of WPC 80% and the required whey to dilute the protein to 34%. The recent CCC NDM sellback to the feed industry and significantly lower Extra Grade NDM markets are deterring some current interest in WPC 34% as buyers and traders opt to wait and see where the market settles. Production is reportedly steady. Stocks are mixed with some plants reporting balanced supplies whereas others are holding heavier than desired stocks. Off grade supplies are readily available for the light to fair feed interest.

F.O.B. EXTRA GRADE 34% PROTEIN: .7550 - .8250 MOSTLY: .7750 - .7950

LACTOSE - CENTRAL AND WEST

Prices are unchanged to higher on a firm market. Supplies are generally short of buyer interest, especially for the spot trade. Some producers are attempting to deter interest by increasing their prices without avail. Contractual orders are generally being satisfied. Production is steady. Increased trade of dry whey permeate, a possible substitute to lactose, is seemingly not affecting the current trade of lactose. As a result, the undertone for the duration of the first quarter is expected firm.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.
F.O.B. EDIBLE: .2200 - .2650 MOSTLY: .2300 - .2550

CASEIN – NATIONAL

Casein markets are steady with prices unchanged. Traders and handlers continue to comment on the number of European operations that are or will be reducing their production and in instances completely shuttering their operations. Deteriorating production economics and declining demand for casein are two factors that producers are citing for their decisions. Currently, stocks of both acid and rennet are in balance with acid volumes the tightest. Many traders and handlers do not feel that the potential reduction in casein production will be seriously detrimental to the industry, but do feel that available supplies will remain competitive.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET:	3.1500 - 3.2700
ACID:	3.0800 - 3.2700

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production levels are fairly steady as producers do have heavy volumes of surplus milk available to them. Demand, is seasonally slow to fair. Producer inventories are being replenished. The market continues to be highly competitive.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES $19.50 - 30.00
Excluding promotional and other sales allowances. Included new price announcements.

MONTHLY COLD STORAGE REPORT – TOTAL U.S. STOCKS

NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under bond are included in the storage data.

All stocks in thousand pounds except where otherwise indicated

U.S. HOLDINGS OF DAIRY PRODUCTS

COMMODITY	NOV 30, 2003	NOV 30, 2004	REVISED NOV 30, 2005	DEC 31, 2003	DEC 31, 2004	DEC 31, 2005
Butter	122,544	57,177	60,430	99,613	44,988	57,060
Cheese, Natural American	467,226	481,244	512,944	491,419	481,077	517,514
Cheese, Swiss	24,083	25,934	23,646	26,237	25,956	26,590
Cheese, Other Natural	204,232	197,073	180,190	206,730	198,757	186,900
Total Cheese	695,541	704,251	716,780	724,386	705,790	731,004
U.S. GOVERNMENT OWNED COLD STORAGE HOLDINGS						
Butter	8,701	143	58	6,172	118	116
Natural American Cheese	6,918	4,947	710	9,614	5,053	207

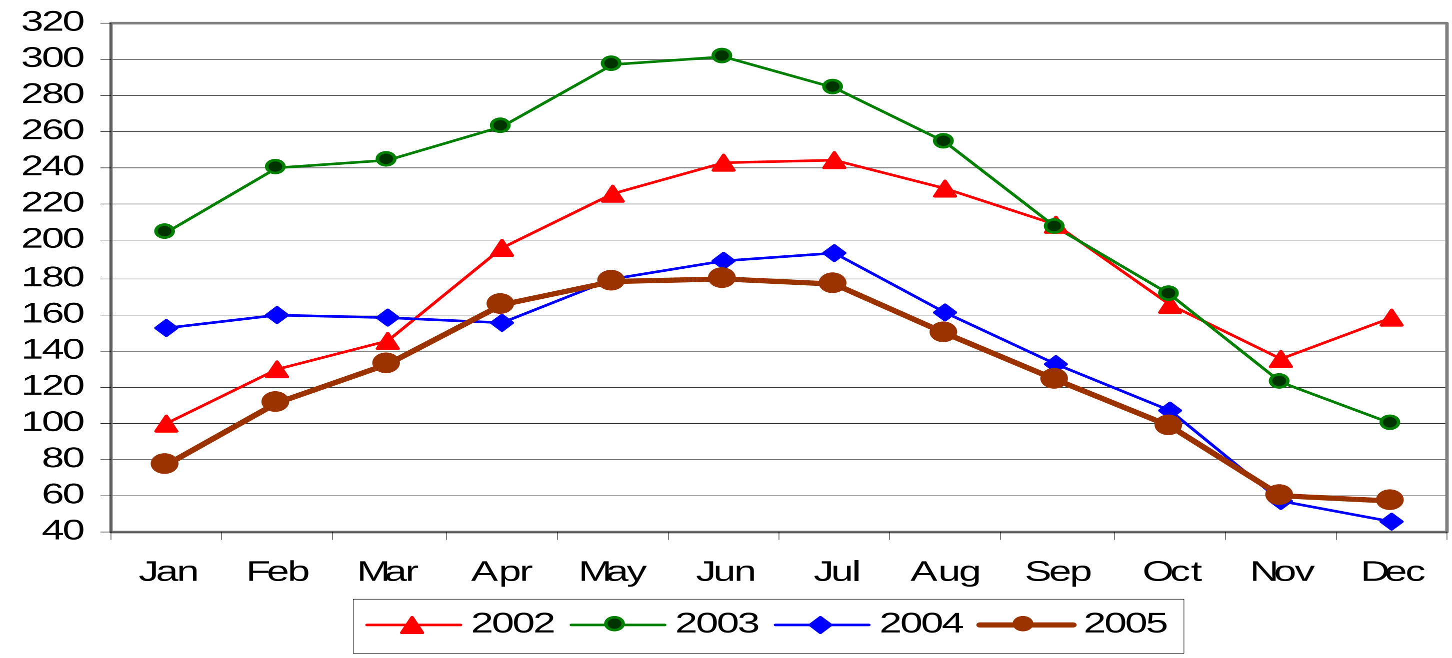
DECEMBER STORAGE HOLDINGS BY REGION

REGION	Natural American Cheese			Butter *			Other Natural Cheese		
	2003	2004	2005	2003	2004	2005	2003	2004	2005
New England	21,455	22,835	23,104	---	---	---	364	371	35
Middle Atlantic	48,148	53,212	47,085	---	---	---	14,549	10,025	8,939
East North Central	188,614	184,145	202,130	---	---	---	120,031	115,841	112,850
West North Central	115,827	110,292	115,543	---	---	---	52,413	54,400	49,030
South Atlantic	457	2,505	3,795	---	---	---	1,838	124	109
East South Central	210	113	354	---	---	---	2,162	2,365	2,507
West South Central	1,502	902	1,671	---	---	---	107	113	344
Mountain	18,981	26,479	35,491	---	---	---	3,706	5,841	745
Pacific	96,225	80,594	88,341	---	---	---	11,560	9,677	12,341
TOTAL	491,419	481,077	517,514	99,613	44,988	57,060	206,730	198,757	186,900

*Regional breakdowns are not reported to avoid possible disclosure of individual operations.

Million Pounds

Butter Cold Storage Holdings



COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 2004 TO DATE

Month	Butter						Natural American Cheese						Nonfat Dry Milk					
	Total 1/		Commercial		Government		Total 1/		Commercial		Government		Total 1/ 2/		Commercial		Government 2/	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	Million Pounds						Million Pounds						Million Pounds					
January	77	152	77	151	3/	1	479	518	475	508	4	10	440	945	83	109	357	836
February	111	159	111	158	3/	1	497	533	494	523	3	10	374	896	79	95	296	800
March	132	158	132	158	3/	1	518	521	517	511	2	10	321	841	84	80	236	761
April	165	156	164	155	3/	3/	549	526	547	517	2	10	276	826	108	104	168	723
May	178	179	178	178	3/	3/	578	559	577	549	1	10	259	814	113	123	147	691
June	180	189	179	189	3/	3/	581	591	581	582	3/	9	NA	774	116	146	NA	628
July	177	194	177	193	3/	3/	595	616	594	609	1	7	235	755	120	161	116	594
August	150	161	150	161	3/	3/	573	569	572	562	1	7	177	716	110	149	67	567
September	124	133	124	133	3/	3/	551	554	551	547	1	6	182	650	95	127	87	523
October	98	107	98	107	3/	3/	537	528	536	521	1	7	163	602	89	116	74	486
November	60	57	60	57	3/	3/	513	481	512	476	1	5	160	552	90	94	70	458
December	57	45	57	45	3/	3/	518	481	517	476	3/	5		512		99		413

NA = Not available.
1/ Total may not add due to rounding. 2/ Includes instant nonfat dry milk. 3/ Less than 500,000 lbs.

COMMERCIALLY OWNED COLD STORAGE HOLDINGS FOR THE UNITED STATES 1/

Commodity	Nov 30, 2003	Nov 30, 2004	Nov 30, 2005	Dec 31, 2003	Dec 31 2004	Dec 31, 2005
	Thousand Pounds					
Butter	113,843	57,034	60,372	93,441	44,870	56,944
Natural American Cheese	460,308	476,297	512,234	481,805	476,024	517,307

1/ Total holdings minus Government owned holdings. For more information, see page 7 of this report.

SOURCE: "Cold Storage," Co St 1 (1-06) and "Dairy Products," Da 2-6 (1-06), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Farm Service Agency.

FEDERAL MILK ORDER ADVANCE PRICES, FEBRUARY

Class I Base Price -- Under the Federal milk order pricing system, the Class I base price for February 2006 is $13.38 per cwt. This price is derived from the advanced Class III skim milk pricing factor of $8.51 and the advanced butterfat pricing factor of $1.4771. A Class I differential for each order's principal pricing point (county) is added to the base price to determine the Class I price. **Comparison to Previous Month --** Compared to January 2006, the Class I base price is the same. For selected consumer products, the price changes are: whole milk (3.25% milk fat), $0.00 per cwt. $0.000 per gallon; reduced fat milk (2%),+ $0.04 per cwt.,+ $0.003 per gallon; fat-free (skim milk), +0.08 per cwt., +$0.007 per gallon. **Class II Price Information --** The advanced Class IV skim milk pricing factor is` $7.47. Thus, the Class II skim milk price for February is $8.17 per cwt., and the Class II nonfat solids price is $0.9078. **Product Price Averages --** The two-week product price averages for February are: butter $1.3459, nonfat dry milk $0.9782, cheese $1.3895, and dry whey $0.3394.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION 1/ 2/

Federal Milk Order Marketing Area 3/	Order Number	February 2006		
		Class I Price (3.5 %)	Class I Skim Milk Price	Class I Butterfat Price
		$ per cwt.	$ per cwt.	$ per pound
Northeast (Boston) 4/	001	16.63	11.76	1.5096
Appalachian (Charlotte) 5/	005	16.48	11.61	1.5081
Southeast (Atlanta) 6/	007	16.48	11.61	1.5081
Florida (Tampa) 7/	006	17.38	12.51	1.5171
Mideast (Cleveland) 8/	033	15.38	10.51	1.4971
Upper Midwest (Chicago) 9/	030	15.18	10.31	1.4951
Central (Kansas City) 10/	032	15.38	10.51	1.4971
Southwest (Dallas) 11/	126	16.38	11.51	1.5071
Arizona-Las Vegas (Phoenix) 12/	131	15.73	10.86	1.5006
Pacific Northwest (Seattle) 13/	124	15.28	10.41	1.4961
All-Market Average		16.03	11.16	1.5036

1/ To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63--the approximate number of gallons in 100 pounds of milk. 2/ Note: The mandatory $0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table. 3/ Names in parentheses are the major city in the principal pricing point of the markets. 4/ Class I prices at other cities are: New York City, minus $0.10; Philadelphia, minus $0.20; Baltimore, minus $0.25, and Washington, DC, minus $0.25. 5/ Class I prices at other cities are: Knoxville, minus $0.30 and Louisville, minus $0.90. 6/ Class I prices at other cities are: New Orleans; plus $0.50; Memphis, minus $0.30; Nashville, minus $0.50; and Springfield, Mo., minus $0.90. 7/ Class I prices at other cities are: Orlando, same; Miami, plus $0.30; and Jacksonville, minus $0.30. 8/ Class I prices at other cities are: Indianapolis, same; Cincinnati, plus $0.20; Pittsburgh, plus $0.10; and Detroit, minus $0.20. 9/ Class I prices at other cities are: Milwaukee, minus $0.05; and Minneapolis, minus $0.10. 10/ Class I prices at other cities are: Des Moines, minus $0.20; Omaha, minus $0.15; Oklahoma City, plus $0.60; St. Louis, same; and Denver plus $0.55. 11/ Class I prices at other cities are: Houston, plus $0.60; San Antonio, plus $0.45; Albuquerque, minus $0.65; and El Paso, minus $0.75. 12/ Class I price at Las Vegas is minus $0.35. 13/ Class I prices at other cities are: Portland, same; and Spokane, same.

ANNOUNCED COOPERATIVE CLASS I PRICES FOR SELECTED CITIES IN FEDERAL MILK ORDERS, FEBRUARY 2006, WITH COMPARISONS 1/

For February 2006, the all-city average announced cooperative Class I price was $17.60 per cwt., $1.69 higher than the Federal milk order Class I price average for these cities. The February cooperative Class I price was unchanged from the January price, while the December Federal order Class I price was also unchanged. On an individual city basis, the difference between the Federal order and announced cooperative Class I price ranged from $.15 in Phoenix, AZ, to $2.98 in Miami, FL. For February 2005, the all-city average announced cooperative Class I price was $17.94, $1.62 higher than the Federal order Class I price average for these cities.

City	February 2006		
	Announced Cooperative Class I Price	Federal Milk Order Class I Price	Difference
	Dollars per hundredweight, 3.5% butterfat		
Atlanta, GA	18.49	16.48	2.01
Baltimore, MD	18.18	16.38	1.80
Boston, MA	18.13	16.63	1.50
Charlotte, NC	18.49	16.48	2.01
Chicago, IL	17.87	15.18	2.69
Cincinnati, OH	17.44	15.58	1.86
Cleveland, OH	17.24	15.38	1.86
Dallas, TX	17.73	16.38	1.35
Denver, CO	16.78	15.93	0.85
Des Moines, IA	16.93	15.18	1.75
Detroit, MI	17.03	15.18	1.85
Hartford, CT	18.03	16.53	1.50
Houston, TX	18.33	16.98	1.35
Indianapolis, IN	17.24	15.38	1.86
Kansas City, MO	16.62	15.38	1.24
Louisville, KY	17.59	15.58	2.01
Memphis, TN	17.99	16.18	1.81
Miami, FL	20.66	17.68	2.98
Milwaukee, WI	17.82	15.13	2.69
Minneapolis, MN	17.07	15.08	1.99
New Orleans, LA	18.79	16.98	1.81
Oklahoma City, OK	17.23	15.98	1.25
Omaha, NE	16.68	15.23	1.45
Philadelphia, PA	18.53	16.43	2.10
Phoenix, AZ	15.88	15.73	0.15
Pittsburgh, PA	17.53	15.48	2.05
St. Louis, MO	17.02	15.38	1.64
Seattle, WA	15.70	15.28	0.42
Springfield, MO	16.83	15.58	1.25
Washington, DC	18.18	16.38	1.80
Simple Average	17.60	15.91	1.69

1/ This table contains information obtained from the Class I price announcements sent by the major cooperative in each city market to all handlers who buy milk from them. These over-order prices include charges for various services performed by the cooperative. In some instances, these over-order prices may not include all credits that may be allowed. These prices have not been verified as having been actually paid by handlers.

CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE 1/

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish and Eggs	
	CPI 2/	Pct. Chg.3/	CPI 2/	Pct. Chg.3/	CPI 2/	Pct. Chg.3/	CPI 2/	Pct. Chg.3/	CPI 2/	Pct. Chg.3/	CPI 2/	Pct. Chg.3/
OCT. 2005	192.1	2.2	182.6	0.3	184.3	0.5	182.4	-0.5	184.4	-5.2	184.6	0.9
NOV. 2005	192.4	2.2	183.5	1.4	188.1	2.8	184.8	0.5	177.1	-7.0	185.8	1.9
DEC. 2005	192.9	2.3	183.2	1.7	189.3	4.3	182.3	0.5	174.6	-6.2	185.7	1.4

U.S. City Average Retail Prices

Month	Whole Milk 4/		Butter 5/		Process Cheese 6/		Natural Cheese 7/		Ice Cream 8/	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	Dollars									
OCTOBER	3.171	3.161	3.186	3.668	3.903	4.032	4.385	4.311	3.705	3.790
NOVEMBER	3.211	3.219	3.130	3.605	3.945	3.988	4.429	4.164	3.514	3.777
DECEMBER	3.241	3.233	2.980	3.463	3.915	3.937	4.433	4.099	3.691	3.849

1/ "CPI Detailed Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. 2/ The standard reference base period for these indexes is 1982-1984 = 100. 3/ Percent change over previous year. 4/ Per gallon. 5/ Per pound. Grade AA, salted, stick butter. 6/ Per pound, any size and type of package. 7/ Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc.). 8/ Per 1/2 gallon, prepackaged regular.

COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS—SEPTEMBER-NOVEMBER AND YEAR-TO-DATE 2004-2005 1/

Item	Sep.-Nov. 2004	Percent change 2/	Sep.-Nov. 2005	Percent change 2/	Jan.-Nov. 2004	Percent change 2/	Jan.-Nov. 2005	Percent change 2/
	Million Pounds							
MILK								
Production	41,298	1.1	42,948	4.0	156,506	-0.1	161,643	3.6
Marketings	41,021	1.1	42,672	4.0	155,482	-0.1	160,632	3.6
Beginning Commercial Stocks 3/	10,733	-13.1	10,462	-2.5	8,333	-15.8	7,154	-14.1
Imports 3/	1,136	-13.8	1,116	-1.8	4,818	5.7	4,234	-12.1
Total Supply 4/	52,890	-2.5	54,250	2.6	168,633	-0.9	172,020	2.3
Ending Commercial Stocks 3/	7,411	-13.3	7,678	3.6	7,411	-13.3	7,678	3.6
Net Removals 3/	3	-97.3	-4	-233.3	-61	-105.1	-39	-36.1
Commercial Disappearance 4/	45,476	-0.2	46,576	2.4	161,283	0.6	164,381	2.2
SELECTED PRODUCTS 5/								
Butter	409.3	4.6	414.7	1.3	1,220.0	4.1	1,223.5	0.6
American Cheese	1,005.2	3.7	990.2	-1.5	3,479.1	3.2	3,486.8	0.5
Other Cheese	1,435.1	1.9	1,467.0	2.2	5,051.1	3.4	5,212.2	3.5
Nonfat Dry Milk	316.5	26.6	275.2	-13.0	1,209.2	43.9	1,180.3	-2.2
Fluid Milk Products 6/	13,894.7	-0.1	14,007.2	0.8	49,822.0	-1.0	49,799.5	0.3

1/ Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports. 2/ From year earlier on a daily average basis. 3/ Milk-equivalent, milkfat basis. 4/ Totals may not add because of rounding. 5/ Commercial disappearance in product pounds. 6/ Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition. **SOURCE:** Economic Research Service, USDA. Fluid milk products - Agricultural Marketing Service, USDA.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF JANUARY 23 – 27, 2006			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/05	SAME PERIOD LAST YEAR	WEEK ENDING 01/20/06	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	-0-	-0-	-0-	-0-	31,817,269	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	31,817,269	-0-	-0-

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF JANUARY 23 - 27, 2006 =	0.0	0.0	COMPARABLE PERIOD IN 2005 =	0.0	0.0
CUMULATIVE SINCE OCTOBER 1, 2005 =	0.0	0.0	CUMULATIVE SAME PERIOD LAST YEAR =	7.0	370.4
CUMULATIVE JANUARY 1 – 27, 2006 =	0.0	0.0	COMPARABLE CALENDAR YEAR 2005 =	60.2	3,233.1

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22
**Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES SINCE 10/1/05 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
REGION	2005/06	2004/05	2005/06	2004/05	2005/06	2004/05	2005/06	2004/05
CENTRAL	-0-	-0-	-0-	-0-	-0-	1,331,567	-0-	4.2
WEST	-0-	-0-	-0-	-0-	-0-	29,415,099	-0-	92.4
EAST	-0-	-0-	-0-	-0-	-0-	1,070,603	-0-	3.4
TOTAL	-0-	-0-	-0-	-0-	-0-	31,817,269	-0-	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002

MANUFACTURING MILK Average Test 3.67% - $9.90 per cwt.

BUTTER Bulk $1.0500 per pound; 1# Prints $1.0850
CHEESE 40 & 60# Blocks $1.1314 per pound; 500# Barrels $1.1014; Process American 5# $1.1889; Process Am. 2# $1.2289
NONFAT DRY MILK Nonfortified $.8000 per pound; Fortified $.8100; Instant $0.9625

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 01/07/06 & Comparable Week 2005

Regions* (000 HEAD)	1	2	3	4	5	6	7	8	9	10	U.S. TOTAL WEEK	U.S. TOTAL SINCE JAN 1	% DAIRY OF ALL WEEK	% DAIRY OF ALL SINCE JAN 1
2006-Dairy	N.A.	0.6	6.0	2.9	14.3	2.8	0.3	N.A.	13.2	1.5	42.8	79.7	46.2	46.8
2005-Dairy	N.A.	0.8	6.9	3.6	15.6	4.9	1.1	N.A.	14.4	4.0	52.2	94.9	51.2	50.5
2006-All cows	N.A.	0.6	7.5	11.1	28.3	14.8	10.6	N.A.	15.0	2.1	92.7	170.3		
2005-All cows	N.A.	0.8	8.4	12.3	29.3	14.1	11.9	N.A.	15.3	6.4	101.9	188.0		

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA. 1/ States included in regions are as follows: Region 1--ME, NH, VT, CT, MA, and RI; Region 2--NY and NJ; Region 3--DE, PA, WV, VA, and MD; Region 4--KY, TN, NC, SC, GA, AL, MS, and FL; Region 5--MI, OH, IN, IL, WI, and MN; Region 6--TX, OK, NM, AR, and LA; Region 7--IA, NB, KS, and MO; Region 8--MT, WY, CO, UT, ND, and SD; Region 9--CA, NV, AZ, and HA; Region 10--ID, OR, and WA. 2/ Totals may not add due to rounding.

CLASS III MILK PRICES,(3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2002	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72	9.84	9.74
2003	9.78	9.66	9.11	9.41	9.71	9.75	11.78	13.80	14.30	14.39	13.47	11.87
2004	11.61	11.89	14.49	19.66	20.58	17.68	14.85	14.04	14.72	14.16	14.89	16.14
2005	14.14	14.70	14.08	14.61	13.77	13.92	14.35	13.60	14.30	14.35	13.35	13.37

FEDERAL MILK ORDER CLASS PRICES FOR 2006 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	13.38	13.38										
II												
III												
IV												

1/ Specific order differentials to be added to this base price are located at www.ams.usda.gov/dyfmos/mib/cls_prod_cmp_pr.htm